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SUBJECT: YAP STATE ATTEMPTS AT IMPLEMENTING ENERGY PLAN AHEAD OF
NATIONAL PLAN, FUNDING PROBLEMS REMAIN

REF: A. A) KOLONIA 130

[B. B\) WEMHOENER-CUITE - NEVILLE E-MAIL 30/10/09](#)

[1. \(SBU\) SUMMARY:](#) Yap State Legislators are hoping that the
FSM National Government can provide a unified front to obtain
international funding to meet the FSM's energy needs. Current
funding from donor nations is greatly appreciated, but the
project implementation process remains difficult. End Summary.

No Movement at National Level

[2. \(SBU\) During an October 16 meeting, Yap Speaker and Chairman
of the Legislative Standing Committee on Resources, Education
and Development \(RED\) Charles Chieng told Econ/ConOff that Yap
continues its work towards trying to switch Yap state to 75%
renewable energy by 2020 \(Ref A\) despite inaction at the
national level. Chieng, and his Committee on RED Vice Chairman
John Masiwemai, Floor Leader and member John E. Mooteb, and
Member Joe Giliko, explained that on June 13, 2006, the
legislature received a petition demanding that the state "do
something about \[skyrocketing\] energy costs." In 2006, the
legislature reviewed the Yap State Public Service Corporation
\(YSPSC\) operations and billing process and cut some costs, but
the impact on consumers was limited. At that point the
Legislature recognized that it had to focus on finding other
means, notably renewable energy such as wind and solar, to meet
the state's energy needs.](#)

[3. \(SBU\) Mooteb stressed that to meet the upfront costs of
installing renewable energy infrastructure Yap must rely on
international donors. He added that the committee members are
hoping that with President Obama's commitment to renewable
energy the Office of Insular Affairs will make alternative
energy funding one of its goals. Either way, reliance on fossil
fuel is becoming "too expensive for the island" and a new source
of energy is becoming a necessity.](#)

Plan Updated

[4. \(SBU\) When Econ/ConOff asked about the energy plan that Yap
State submitted to the national government, Mooteb commented
that they had heard no reply. Mooteb then confirmed that the
State will continue to push forward on its own plans, which were
drafted by the YSPSC. Giliko added that it is difficult for the
national government to consolidate all of the state plans. They
are all different. He agreed that some sort of consolidation is
in the best interest of the nation. Reiterating similar points
as Pohnpei officials \(Ref A\), Giliko opined that currently each
state is fighting for the same pot of funding instead of finding
a common way forward.](#)

[5. \(SBU\) Later that same day YSPSC General Manager Faustino
Yangmog repeated many of the same points that the legislators](#)

did. He added that YSPSC revised the state plans to be less ambitious. He stressed that the goals were all obtainable and worthwhile, but the initial timelines were too aggressive. In addition to funding limitations, the original plan did not provide enough time to conduct comprehensive wind studies. Experts state they need at least a year to measure wind speeds in a given location in order to make a reliable analysis.

¶6. (SBU) Yangmog acknowledged that the initial timeline was dependent on international funding that does not always come through as expected. For example, he claimed that USDA denied Yap a grant for solar power investment because "there were no funds for non-Americans" and "the decision was made pre-Obama." Yap is updating its application, in consultation with USDA representatives, and will reapply. The new timeline for investment in alternative energy sources will take into account such setbacks and the need for comprehensive studies before donors are willing to make substantial investments.

EU Efforts Appreciated, but Complex

¶7. (SBU) Yangmog and a specialist on solar power, YSPSC Contractor Victor Chemelmog, discussed at length the European Union's funding for solar power projects on outer islands (Ref B). Throughout the discussion, both stressed their appreciation for the EU's funding and efforts. They commented that the project will have a positive impact in the outer islands and that the EU Representative to the FSM Peter Konings is very responsive to their concerns. They focused their discussion, however, on the difficulties and limitations they were facing.

¶8. (SBU) Chemelmog reviewed some of the technical issues he faces. The equipment that reached the islands was not new and

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was thus facing immediate problems. There were also manufacturing mistakes that just cannot be repaired in Yap. Due to the installation and manufacturing problems, the photovoltaic cells (PV) were not yet handed over to YSPSC. The personnel in Yap cannot conduct major repairs, so until everything is up and running local technicians are not permitted to even touch the PV.

¶9. (SBU) Yangmog added that the YSPSC received letters from outer island inhabitants complaining that the YSPSC and EU had "lied" to them. People were upset by delays or perceived unresponsiveness. Some of the delays were due to multiple levels of bureaucracy. Reviewing a recent example in which one mechanical piece failed on an outer island, Chemelmog and Yangmog cited the governmental, contractor, and subcontractor chain to obtain the needed replacement piece. YSPSC, Yap State, FSM National Government, EU, and offices in Switzerland, Finland, Fiji, and Denmark were all involved in identifying and then procuring the one relatively inexpensive item. Yangmog concluded that going through all these offices still did not include actually installing the piece.

Comment

¶10. (SBU) Yap government officials appear focused on their plan and achieving their energy goals. The officials acknowledge that they are dependent on international donors and openly appreciate the assistance, including through the Compact of Free Association. The reliance on the international community has led to some frustrations. The interlocutors' frustration became most evident when Yangmog and Chemelmog compared the EU solar project to the Compact. They emphasized how two aspects between the two programs were similar. First, Yap needs the funding and is appreciative for the projects that are funded. Secondly, the bureaucratic requirements, be they funding request formats, funding directives, oversight requirements, reporting mechanisms, or other technical and legal demands often are beyond the capacity of the people on the ground. Furthermore, the multiple levels of control siphons off a substantial portion of funds to people, offices, or other places rather than the

project itself. No one argued that oversight and control wasn't needed, but a desire for a simpler process for working with the international community was evident. End Comment.
DOUGLASSWD